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**STATE TREASURER'S OFFICE ANNOUNCES STRONG BOND SALE RESULTS FOR
COMMONWEALTH DEBT RESTRUCTURING**

BOSTON, MA, July 26, 2010 – The State Treasurer's Office announced that it has successfully completed the Commonwealth's approximately \$286 million general obligation bond sale for debt restructuring to be used primarily for budget relief in Fiscal 2011. This is the first such financing the state has done since 1991 and was authorized by the legislature and signed into law on July 2, 2010. Bond proceeds from the sale are estimated to provide up to \$305 million in budget relief for the new fiscal year, which began on July 1.

Because of strong demand for the Commonwealth's bonds, driven primarily by more than \$280 million in orders for bonds during a retail-only order period, and low rates in the tax-exempt bond market, the State Treasurer's Office completed the financing for the five-year borrowing at an average borrowing cost of a low 1.51%.

"I am thrilled that with this refunding we could deliver \$305 million in budget relief, \$5 million more than expected," said Treasurer Cahill. "By targeted outstanding bonds with higher coupons of 5% or 6%, we're able to deliver an additional \$5 million that could be used to bolster local aid or be deposited in the stabilization fund. We were able to borrow at very low rates primarily due to the strong demand from individual Massachusetts investors."

The restructuring bonds will be repaid in level debt service starting in Fiscal 2014. The final maturity of the bonds is in five years, one year shorter than was authorized in the debt restructuring authorization, which helped to lower the borrowing costs for the restructuring. On a present value basis, the cost of the restructuring is an estimated \$1.7 million.

The fixed-rate bond ratings were affirmed at 'AA+', 'Aa1' and 'AA' from Fitch Ratings, Moody's Investor Services, and Standard & Poor's, respectively, on July 19, 2010. For more information on the bond sale or the Commonwealth's borrowing programs, please visit www.mass.gov/treasury/debt.

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